

***Transfer of the Asian model of oil palm development: from Indonesia to Cameroon***

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**Abstract:**

Agricultural expansion to the detriment of natural forest is a well-known cause and consequence of economic development. Boom crops are exported cash crops developing very quickly in a region, in answer to a high demand on the international market. They may be brought by huge projects generally involving partnerships between governments and agribusiness companies. The livelihoods impacts on local peoples raise concerns among outsiders, who point at the risks of unfairness, manipulation and abuses of the population; examples abound in the oil palm sector in Indonesia, and in rubber development in Southeast China and Laos. Another major concern is the direct consequence of rapid conversion of large areas into plantations, which can have a direct impact on local people's access to land, and can induce the displacement of food crop production, and cause direct or indirect deforestation. Oil palm development in Southeast Asia is the most recent and noteworthy boom crop. Based on literature review, qualitative information gathered during a sharing and learning workshop and speech analysis, and the authors' experience of oil palm development in Indonesia, the paper questions the impacts that a transfer of the Asian model of oil palm development to Cameroon might have.

**Key words:**

Oil palm development models; competition for land; oil palm smallholders; oil palm transnational corporations; forest conservation and economic development trade-offs.

**Introduction**

Agricultural expansion to the detriment of natural forest is a well-known cause and consequence of economic development. The process can be stepwise, from shifting cultivation to agroforests, to simpler mixed tree plantations, to finally end in monoculture. But it can be shortened when and where large development projects are implemented. Boom crops are examples of this shortened landscape transformation. Boom crops are exported cash crops developing very quickly in a region, in answer to a high demand on the international market. They may be brought by huge projects generally involving partnerships between governments and agribusiness companies. The livelihoods impacts on local peoples raise concerns among outsiders, who point at the risks of unfairness, manipulation and abuses of the population, examples abound in the oil palm sector in Indonesia, and in rubber development in Southeast China and Laos.

Another major concern is the direct consequence of rapid conversion of large areas into

plantations, which can have a direct impact on local people's access to land, and can induce the displacement of food crop production, and cause direct or indirect deforestation. Oil palm development in Southeast Asia is the most recent and noteworthy boom crop.

We have witnessed a rising global demand for palm oil; increasing land allocated to oil palm plantations in many countries in Latin America and Africa; and the shift in oil palm investment by corporate actors from Southeast Asian region to some African countries. The paper questions the impacts that a transfer of the Asian model of oil palm development from Indonesia to Cameroon might have.

This paper is based on qualitative information and speech analysis gathered during a sharing and learning workshop hereafter called 'South south exchange' (part of a European Commission-funded research project lead by CIFOR, entitled '*Bioenergy, sustainability and trade-offs: Can we avoid deforestation while promoting bioenergy?*') during which experts of the oil palm sector from 6 countries (Cameroon, Ghana, Indonesia, Malaysia, Colombia and Brazil) exchanged their experiences. This South-South exchange initiative aimed to promote the sharing of experiences and knowledge amongst key policy decision makers, industry representatives and researchers from countries in Southeast Asia, Sub-Saharan Africa and Latin America. Topics included sustainable and equitable options for oil palm development, and recommended policy shifts in these countries to support the transitions towards more equitable and sustainable models. The paper also uses literature review, interviews of experts and the author's experience of oil palm development in Indonesia, to conduct a comparative analysis of the models of oil palm development from Cameroon and Indonesia.

## **Palm oil global market**

Palm oil – including Crude Palm Oil (CPO) and Kernel Palm Oil (KPO) - has become the first vegetable oil on the global market. The palm tree is the most oil productive crop with an average of 3.66 t/ha/year, far ahead rapeseed (with 0.6 t/ha/year) which is in second position (Figure 1). It is thus the less land-consuming way to product edible oil; however oil palm plantations only represent 4.8% of the land under vegetable oil crops. Oil palm suitable area of expansion extends in the equatorial climate zone, which is also home of biodiversity rich and partially untouched rainforests. This is the main reason of its low popularity among environmental NGOs and occidental consumers (Wakker 2000, Marti 2008). Oil palm plantations have been developing very quickly in recent decades at the expense of the rainforest, mainly in Indonesia.

Oil palm is the favourite cooking oil in Asia (figure 2), and used worldwide as edible oil, for the industry and as a biofuel. If the European Union and the USA have edited decrees to secure a sustainable production of the biofuels that passed their frontiers, other big consumers such as China and India are more looking after cheap edible oil than after sustainable one. The Roundtable on Sustainable Palm Oil (RSPO), established in 2004 by a consortium of Malaysian and Indonesian agro-industries, aims at promoting the production of sustainable palm oil (RSPO 2011), in answer to the concerns expressed by NGOs and the global society. The RSPO has developed a certification scheme of sustainable palm oil. The first certified palm oil has been sold to Europe in 2008 (RSPO 2011). In April 2012, more than 1.2 M ha of oil palm was certified, and 6 MT RSPO certified sustainable CPO were sold (RSPO 2012).

Feintrenie, L. 2012. *Transfer of the Asian model of oil palm development: from Indonesia to Cameroon*. World Bank conference on land and poverty, April 23-25, Washington DC.

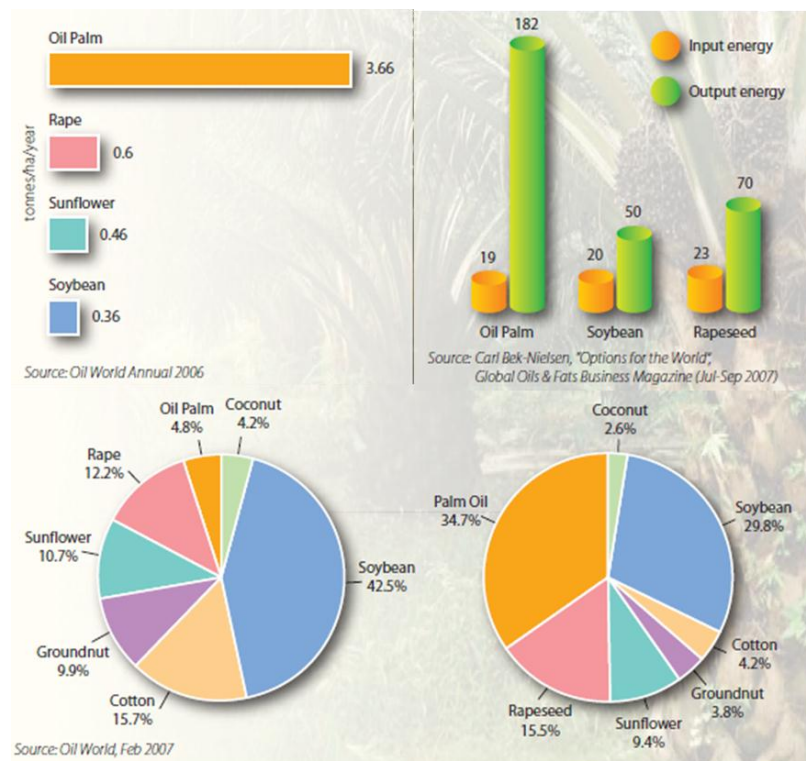


Fig.1: oil productivity of major oil crops; fig. 2: Energy balance of major oil crops; fig.3: Planted crops area and production of major vegetable oils

Figure 1: palm oil compared to the main vegetable oils (source: RSPO 2008, based on Oil World)

A major hindrance to certification is the difficulty to comply with all the criteria. Only a few companies in Indonesia can manage the steps toward certification (Colchester et al. 2006) and it is even more challenging to make the high standard certification requirements accessible for smallholders (McCarthy & Zen 2010). Strong financial incentives are needed to attract industrial bodies and spread the production of sustainable palm oil. This can only come from the market demand, which up to now is really weak for sustainable palm oil (Laurance et al. 2010). India and China are the main importers of palm oil, used as edible oil, and their consumption is planned to increase proportionally to their population. These two countries are not yet interested in a certified palm oil (McCarthy & Zen 2010), which would be more expensive and consequently less accessible for poor people. On the opposite, consumers from the European Union, in third position as importer of palm oil (for food and for personal care products), are asking for more sustainable products. Environmental NGOs' pressure on industries already conducted Unilever to commit to the use of certified palm oil (Greenpeace 2010; McCarthy & Zen 2010; Unilever 2008), and the European Union Commission to define high environmental standards for biofuels that are not likely to be complied by palm oil production (Sheil et al. 2009).

Entering a certification process also means for the applying enterprise to give more visibility to its business. Facts and information become public, and as a consequence available to any contestant. Some agro-industries, members of the roundtable and under the process of certification of their mills and plantations, were targeted by NGOs and accused of having bad

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behaviors in some of their sites while certifying others as image green-washing. As RSPO certification neither produced any premium on the price of the product for the certified industries, nor opened new markets (such as the European Union market) to them, the incentive to actively develop sustainability in their production decreased at each new attack published in the media. The certification appears too costly for not enough benefits. As a consequence of this continued pressure exerted on RSPO members, the private sector pushed the governments of Indonesia and Malaysia, the first producers of palm oil (figure 3), to developed national standards of sustainable palm oil.

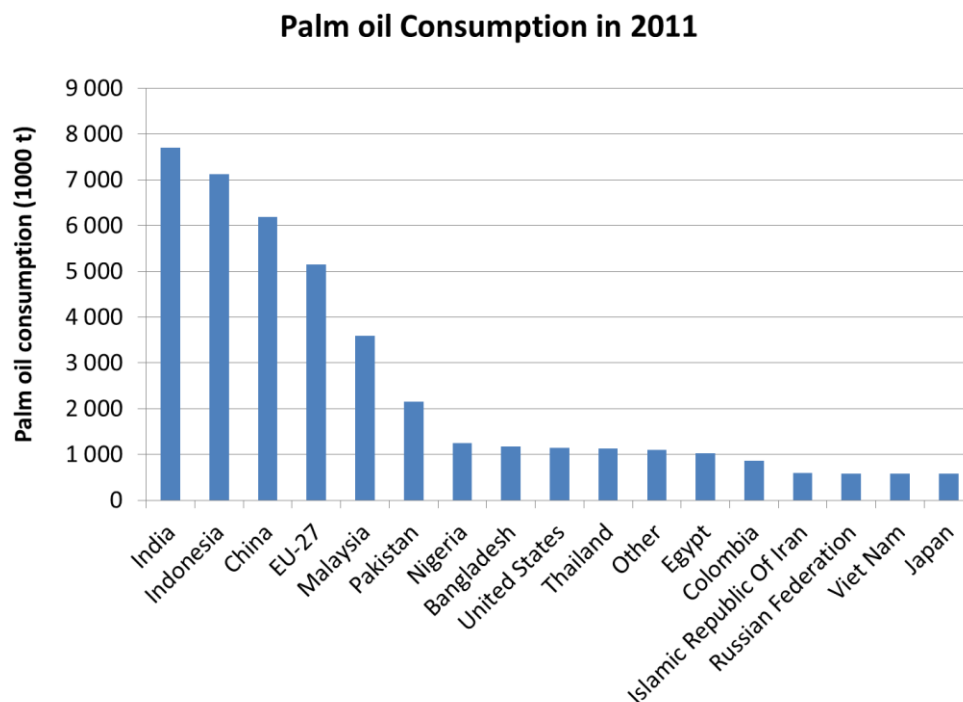


Figure 2: Palm oil consumption by country in 2011 (source: <http://www.indexmundi.com>)

The Indonesian Sustainable Palm Oil (ISPO) foundation was created in 2009, and the production standard was officially enacted by the declaration of the agriculture minister's decree No. 19/Permentan/ OT.140/3/2011 dated on 29th March 2011 (Indonesia government 2011). The standard recognized 7 principles, 39 criteria, and 128 indicators, and is a compilation of all the Indonesian rules, acts and laws regarding oil palm plantations and palm oil production of the Ministries of Agriculture, Environment, Manpower, Forestry, and the National Land Agency. As a Government rule, ISPO will be notified to the World Trade Organization (WTO) and is mandatory for all producers in the country. For the Indonesian government, the objectives of ISPO are: to increase awareness about the importance to produce sustainable palm oil and to accelerate Indonesian sustainable production; to enhance Indonesian palm oil competitiveness in the world market; to support GHG emission mitigation programme; to support Indonesian government unilateral commitment in Copenhagen (2009) and the

programme based on the moratorium on deforestation signed by Indonesia and Norway in 2010 (Natawidjaja 2011). The ISPO standard might replace in the future the RSPO certification in Indonesia if there is no premium or special benefits for RSPO certified producers. Malaysia is also developing a national standard (Malaysian Palm Oil Board personal communication).

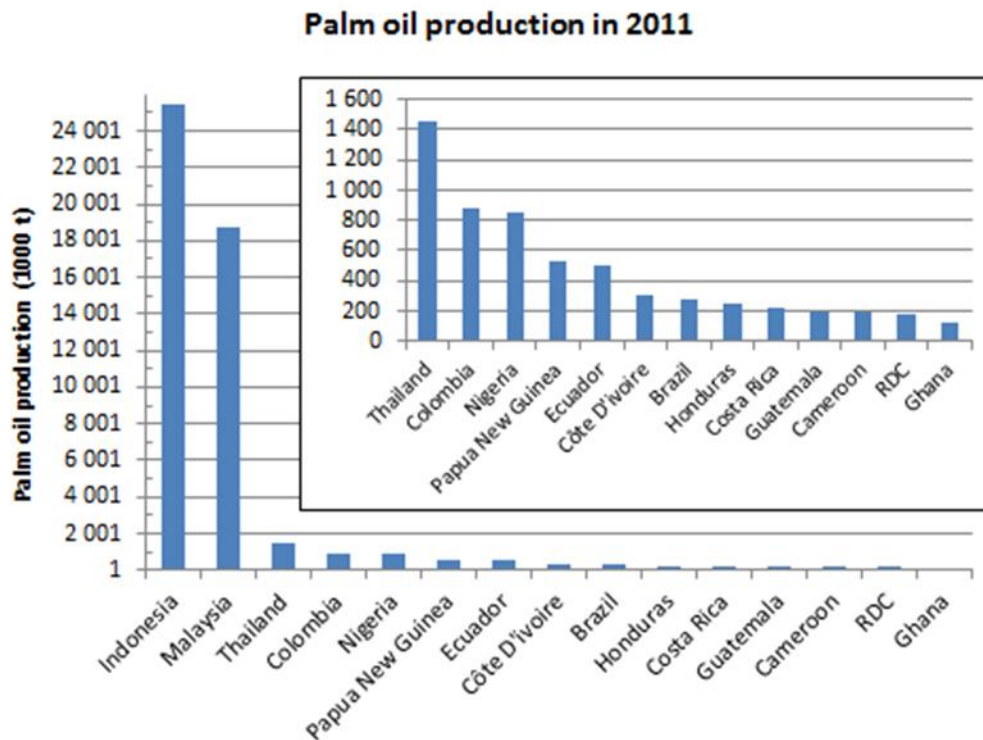


Figure 3: Palm oil production by country in 2011 (source: <http://www.indexmundi.com>)

The development of these national standards (ISPO and MSPO) should have positive outcomes if there is strong implementation and control of the rules by the public services. But the new procedures involved in the certification process are as many opportunities of corruption, from the low-paid local staff to the highly positioned civil servant. The lack of credibility of national standards, especially Indonesian ones, gives little hope for ISPO to open new markets for Indonesian palm oil producers. On the opposite, it might enlighten the professionalism of RSPO.

Since 2008, Indonesia has been the first world producer of palm oil, ahead of Malaysia. In 2011, the country produced more than 25 Mt palm oil (figure 3). African countries are far behind, with Ivory Coast (about 210 000 t in 2011), Ghana (about 240 000 t) and Cameroon (about 210 000 t) as the main African producing countries. Oil palm plantations have expanded a lot during the last three decades in Southeast Asia, and especially in Indonesia, in answer to the growing international demand for vegetable oil. Expansions in Indonesia have become more complicated since 2010 and the engagement of the State in a moratorium on deforestation, signed with Norway. Investors are now looking at other suitable areas to develop oil palm plantations. These areas rest in the Amazonian basin and in the central African region (figure 4).

Feintrenie, L. 2012. *Transfer of the Asian model of oil palm development: from Indonesia to Cameroon*. World Bank conference on land and poverty, April 23-25, Washington DC.

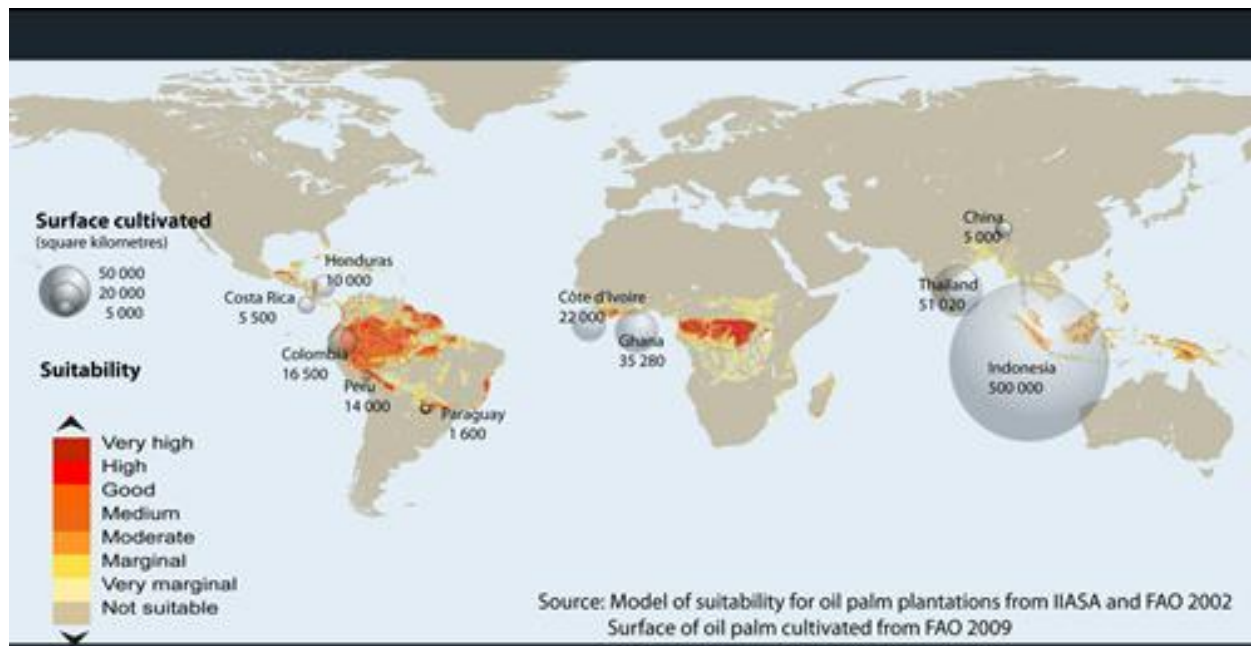


Figure 4: Surface cultivated in palm oil and estimated tropical forested area suitable for oil palm plantations (source: UNEP Global Environmental Alert Service, Dec. 2011).

### The Indonesian oil palm development model

Thanks to oil palm development, national and regional revenues considerably increased. Indonesia is leading the palm oil market, with about 8 Mha planted and harvested oil palms (figure 5) for a production of above 24 Million t CPO in 2010 (figure 6). The industrial sector and large-scale plantations owned by private and public companies dominate the sector. Smallholders are often included into joint ventures or partnerships with companies, with a strong support of public policies. Research and development activities are also led by the industry.

Oil palm was brought from West Africa to Indonesia (to the botanical garden in Bogor) as an ornamental plant at the end of the XIX<sup>th</sup> century. Production of palm oil for commercialization purposes began in 1911 in Indonesia, in Sumatra Island with the establishment of the first plantations (figure 5). Colonial authorities or people owned these plantations. After the independence, most of the plantations were appropriated by the national government.

In the 1970s, a joint venture scheme between companies and smallholders called Nucleus Estates and Smallholders (NES) scheme was tested in Malaysia. It was also introduced in Indonesia under the translated name '*Perkebunan Inti Rakyat*' (PIR, *nucleus plantation and community*) by the transmigration program<sup>1</sup>, a public program which aimed at moving volunteers from the over populated islands of Java, Madura and

<sup>1</sup> The transmigration program began under the Dutch colonial authority and was continued under the independence. It covered several goals at a time: sharing the population in a more homogenous way among the islands of the archipelago, give land to landless and poor farmers, develop agriculture and exportation of agricultural products, and occupy political frontiers.



Feintrenie, L. 2012. *Transfer of the Asian model of oil palm development: from Indonesia to Cameroon*. World Bank conference on land and poverty, April 23-25, Washington DC.

Bali to the less populated islands of Sumatra, Kalimantan and Sulawesi. The first PIR in the late 1970s were based on rubber plantations, followed by oil palm in the 1980s.

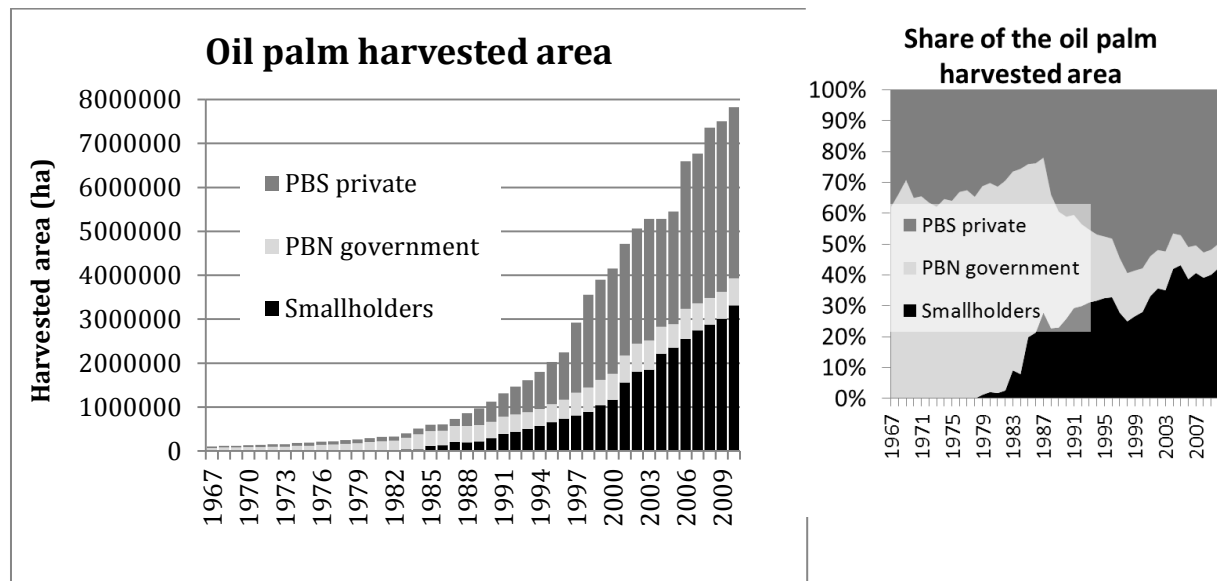


Figure 5: Surfaces of productive oil palm plantations in Indonesia, and share between private large-scale estates (PBS private), public plantations (PBN government), and smallholders (less than 20 ha)  
Source : Données statistiques du Ministère indonésien de l'agriculture (<http://ditjenbun.deptan.go.id> consulted on 04/04/2012)

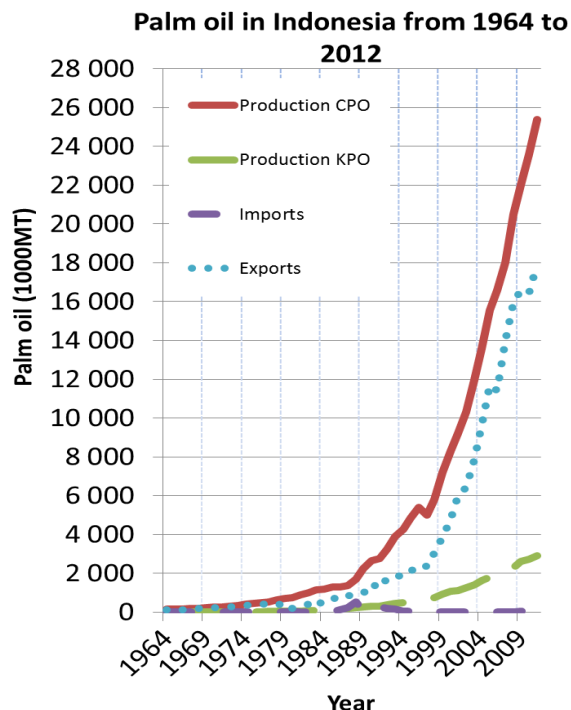


Figure 6: Palm oil production in Indonesia (source: <http://www.indexmundi.com>)

The usual NES scheme relies on a contract signed between a company, smallholders grouped in cooperatives, and banks, under the supervision of the government. Farmers entrust their land to the company, which plants, manages and harvests the crops. The

Feintrenie, L. 2012. *Transfer of the Asian model of oil palm development: from Indonesia to Cameroon*. World Bank conference on land and poverty, April 23-25, Washington DC.

landowners are paid a percentage of the harvest revenue after deduction of plantation establishment and management costs. Local governments participate in the process through facilitation of discussions between the partners and land titling. Banks keep land titles as collateral, and the company is responsible for collecting the repayments from the farmers. Charges are made for these services, and they all add to the farmers' debts. Usually, the deal includes the handing over, from the village to the company, of a percentage of the total land to be developed. This land taken over by the company constitutes the nucleus of the plantation, in opposition to the plasma made up by all the smallholdings participating in the venture.

The NES oil palm development projects have been much criticized in Indonesia (Colfer and Resosudarmo 2002; Colchester et al. 2006). They are said to be unfair to local people, to give a way to land grabbing by trans-national private companies, and to destroy the forest. The last argument is probably the strongest (see Lamade and Bouillet 2005; Koh and Wilcove 2008). The first actually depend on the local and historical context.

Most of the conflicts related to oil palm NES projects originate from before 1999 and the decentralization of political institutions of Indonesia. Most of them are linked to centrally organized transmigration projects, where local communities were not truly consulted before the settlement of migrants (volunteers from other Indonesian islands) and of a large-scale estate. Since the end of General Suharto era, in 1998, and the decentralization of institutions and decision-making, the national transmigration programme has come to an end (in 2000).

But some conflicts involving local communities, local governments and/or agro-industries, still remain unsolved. They are linked to unclear boundaries between villages, land tenure issues, or absence of one major player: the industry (Feintrenie et al 2010a). In some cases, the second or third generation of the local communities claim their rights to a land that have officially been sold to a company (Gaiser 2009).

There are also more recent NES projects, from after 1998, sometimes involving transmigration lead by province or district governments. These projects were conducted with actual free prior and informed consent from the local population, which is much more powerful than before and asking for economic development opportunities (Feintrenie and Levang 2011). Local farmers see an opportunity for easy economic benefits in the NES scheme. They can even own a plantation without working on it, which is almost an Indonesian farmer's dream. In conditions of good prices for oil palm fresh fruit bunches (FFB), the loans of the smallholders can be quickly paid back. A successful example of cooperative within a NES scheme is shown in figure 7. In this case, the smallholders decided to allow 60% of their monthly income from the plantation to reimburse their debts. This choice allowed them to pay back the whole credit within 3 years (figure 7, Feintrenie et al. 2010a).



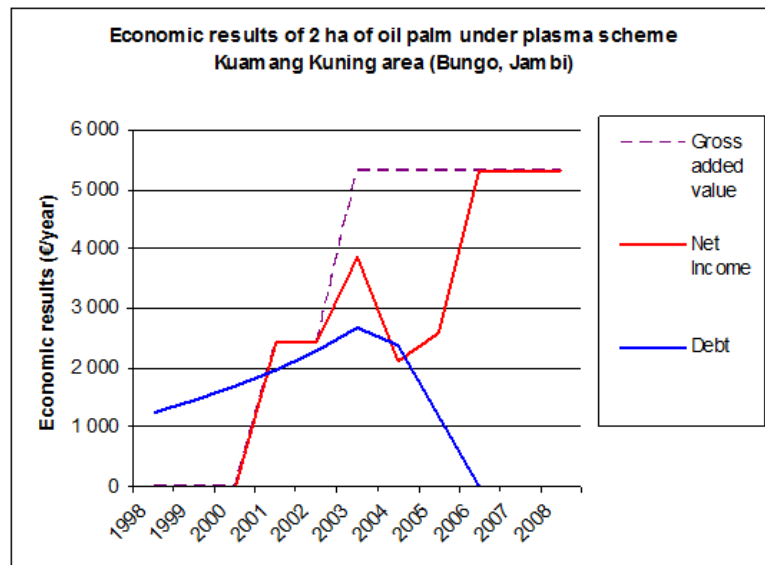


Figure 7: Economic results of a 2 ha smallholder's oil palm plantation under a NES contract (source: Feintrenie et al. 2010a)

In the same way as it happens for other cash perennial crop, such as rubber or cocoa, farmers also tend to develop oil palm plantations independently from any outgrowing scheme or partnership with the industry. Indonesian smallholders do not extract the oil from the fruit. They rely on the industry, and are thus dependent on the presence of a mill nearby to sell their FFB within 48 hours after the harvest, otherwise the fruits are wasted.

These smallholders sell their production to middle-men, who sell it to the oil mill. Middle-men are important actor in this market; they collect FFB from many smallholders and then negotiate the price with the mills. They can even organize strikes or protests if they disagree with the enterprise's decisions (Feintrenie et al. 2010a).

Oil palm smallholdings are clearly less productive than agro-industrial plantations. Farmers do not have access to seedlings of productive varieties, they lack of knowledge in the best practices on fertilization or pest management. But they are learning, asking for advices to workers from the estates, employing them as daily workers or share-croppers. Oil palm plantations are profitable to independent smallholders, especially in comparison to other smallholder's plantations (figure 8). The return to land of an oil palm smallholding is quite comparable to a rubber or cocoa one, depending of the price of these commodities, but return to labor is clearly higher on an oil palm plantation.

Feintrenie, L. 2012. *Transfer of the Asian model of oil palm development: from Indonesia to Cameroon*. World Bank conference on land and poverty, April 23-25, Washington DC.

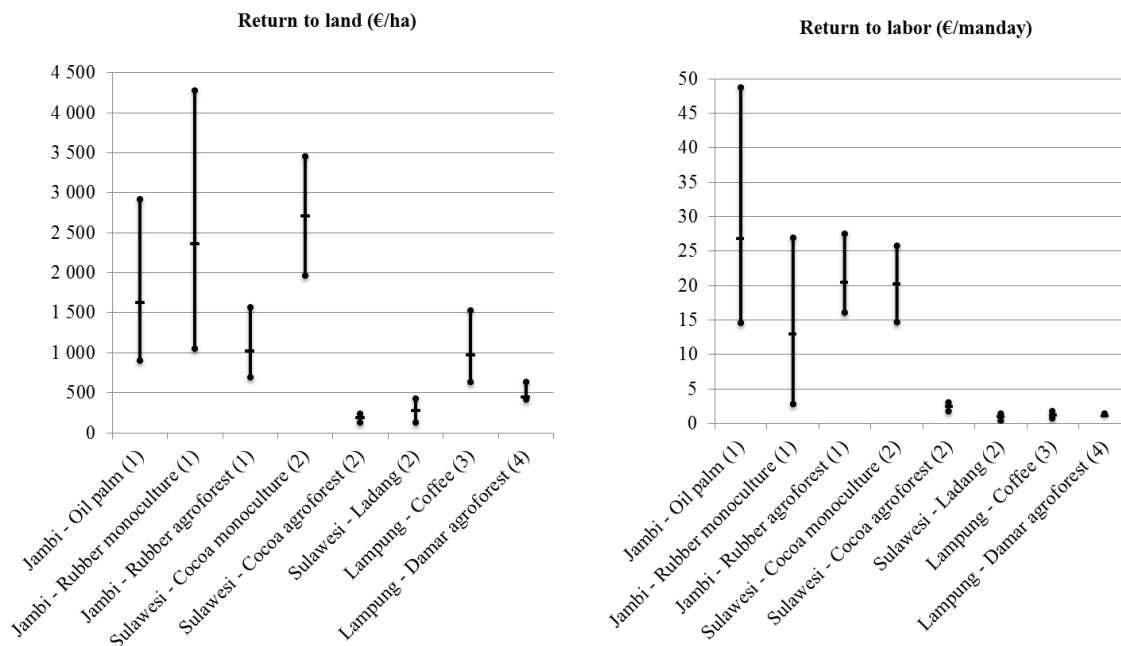


Figure 8: Comparison of the profitability of independent smallholder's plantations in Indonesia, with a gradient on the price of the main agricultural product of the plantation (source: Feintrenie et al. 2010b)

Nowadays, there is no more land available to expand plantations in Malaysia. The moratorium on forest concessions signed by Indonesia and Norway prevents new planting in Indonesia. Thus Southeast Asian investors are looking for free land in other regions. 42% of the forest cover in Cameroon is suitable for oil palm plantations, and 50% in Democratic Republic of Congo (UNEP, 2011). With fragile States and low law enforcement capacities (Karsenty and Ongolo 2012) combined with highly suitability of lands for oil palm plantations, Central African countries are targeted by international investors.

### The Cameroonian oil palm development model

Though oil palm can be met in natural palm groves in the Central African region, and has been exploited to produce cooking oil and palm wine since immemorial ages, Cameroon remains on the 13th position as a producing country (figure 3), with a production estimated around 210 000 t CPO in 2010 (Ngom, 2011), less 10 times the Indonesian one.

Three types of plantations are present in the country: agro-industrial estates, contracted small and medium holders, and independent smallholders. Oil palm is cultivated in the seven southern regions of the country (figure 9), with industries gathered on the coast strip. This location of all the palm oil mills close to the littoral, and far from the northern frontier of oil palm cultivation, illustrates the independence of the farmers *vis à vis* agro-industrial mills (Cheyins and Rafflegeau 2005). Indeed in Cameroon, as in the entire Central African region, there is a well-developed artisanal sector of palm oil process to

Feintrenie, L. 2012. *Transfer of the Asian model of oil palm development: from Indonesia to Cameroon*. World Bank conference on land and poverty, April 23-25, Washington DC.

produce red palm oil - a commonly used cooking oil -, palm wine – maybe the favorite drink in the country -, and soaps.

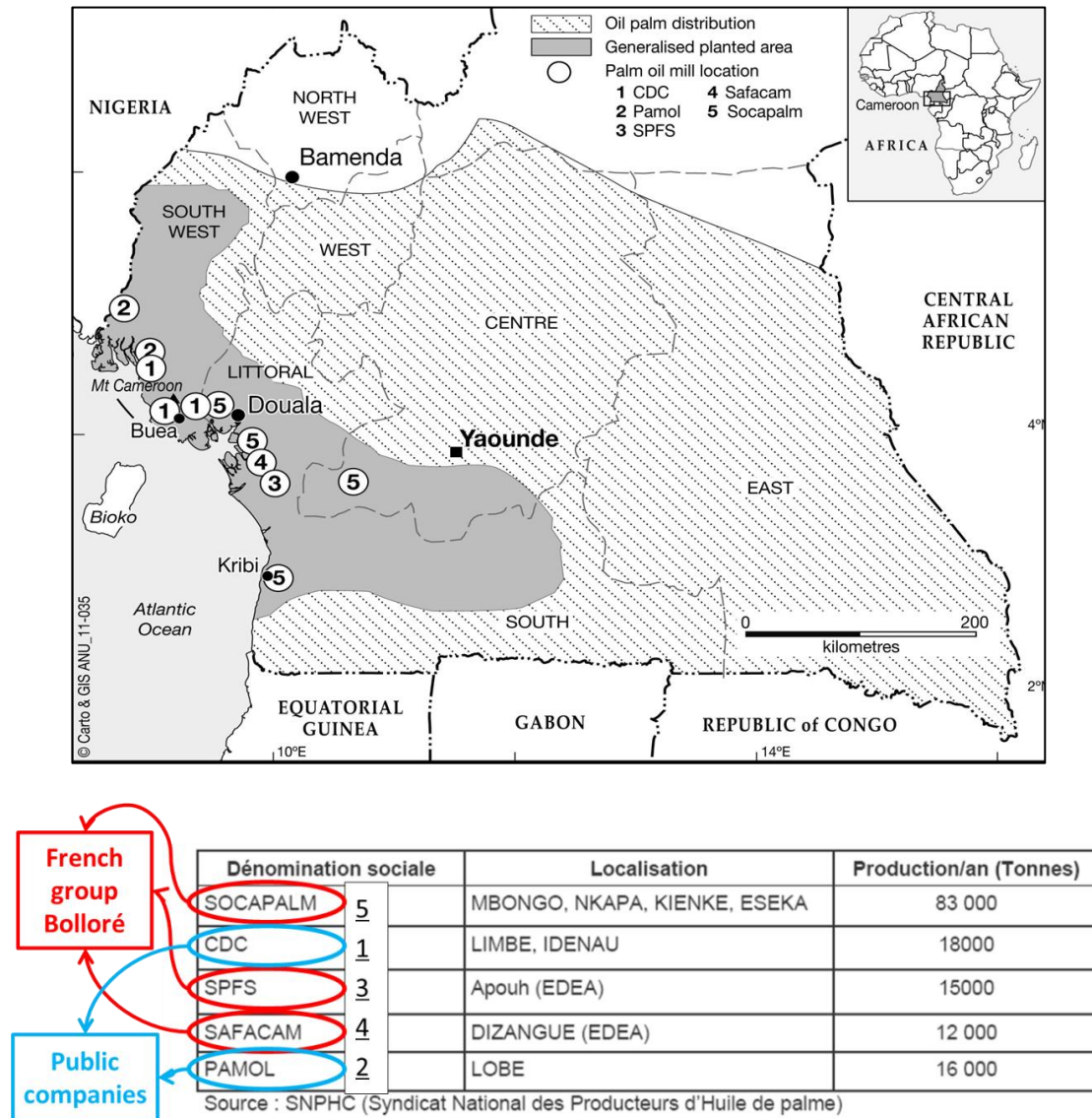


Figure 9: Oil palm cultivation area in Cameroon and location of the agro-industrial plantations (map based on Bakoumé and Abdoullah 2005)

Industrial production of palm oil began under the German colonization at the beginning of the XXth century, with the development of estates and mills. These plantations were later shared among French and British states after World War II, before becoming Cameroonian public companies after the independence or being sold to private investors. Two public companies were created to manage the public plantations: the Pamol Plantations and the Cameroon Development Corporation (CDC). The French group Bolloré currently own the other former colonial plantations, under three enterprises (figure 9): the Socapalm (*Société Camerounaise de palmiers à huile*), the SPFS

Feintrenie, L. 2012. *Transfer of the Asian model of oil palm development: from Indonesia to Cameroon*. World Bank conference on land and poverty, April 23-25, Washington DC.

(*Société des Palmeraies de la Ferme Suisse*), and the Safacam (*Société Africaine Forestière et Agricole du Cameroun*).

Thus the group Bolloré is currently a major actor in the oil palm sector in Cameroon. It owns about 40 000 ha out of the 70 000 ha of industrial plantations (figure 10). The ministry of agriculture and rural development of Cameroon estimates that about 100 000 ha of oil palm plantations are cultivated by small and medium holders in 2011 (figure 10). But these estimations are rough and a global census of producers of oil palm FFB and palm oil is still to be made (Ngom, 2011).

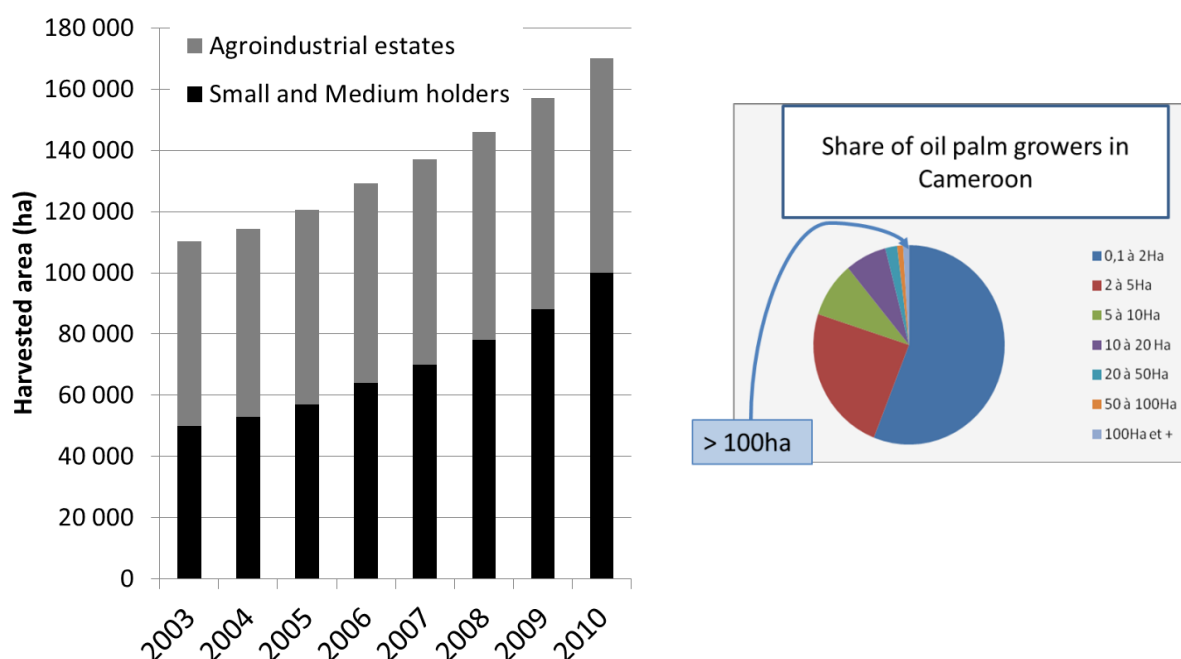


Figure 10: Surfaces of productive oil palm plantations in Cameroon, and share between agro-industrial estates (public and private), and small and medium holders (less than 100 ha). Based on Ngom, 2011.

Large-scale plantations are present but smallholdings dominate both the production and the transformation sectors; smallholders cultivate about 100 000 ha (56% of the country's plantations) against 70 000 ha of industrial plantations (Ngom, 2011).

Smallholders with less than 5 ha of oil palm represent more than 75% of oil palm growers (figure 10). Most of them don't have access to good quality seedlings, use little inputs, and sell their fruits to artisanal farmers. As a consequence, the return to land of smallholdings are quite low in comparison to Indonesian plantations (figure 11), with about 300 €/ha/year in Cameroon, against 800 to 2900 €/ha/year in Indonesia, at the highest period of production of the plantation.

The artisanal sector of transformation of FFB in various products is well developed, and women get a lot of job and income from this sector, that they lead. They produce red oil and soaps that they sell on local market places or at their door. The extraction of oil by the farmer allows him/her to get an added value of about 150 €/ha/year (figure 11, based on Ngom 2011), with no added production costs. In these conditions, it is more profitable for a smallholder to sell red oil on the local market than to sell FFB to a mill.

Besides, men are responsible for the plantations, and women are responsible for oil extraction, thus the production of oil on the farm also allows a good share of work and income generation among the two heads of household. The artisanal transformation of FFB and oil is also an opportunity of livelihoods resources for widows and lonely women, who have poor access to land.

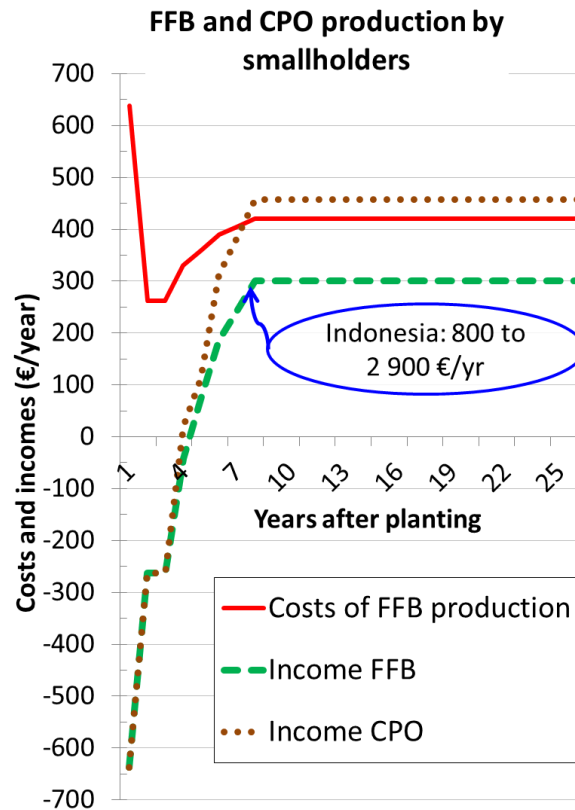


Figure 11: Economic results of oil palm smallholders, for FFB and CPO production (based on Ngom, 2011)

Another African specificity of the oil palm production system is the production of palm wine (Cheyins and Rafflegeu 2005). Palm wine is produced after slashing down the palms, and is very profitable. The oil palm plantation can be used as a cash-reserve, used when there is an important need for cash by the family, to cover medicinal costs, education or university costs, or ceremonies. The benefits of slashing down the palms can also be used to invest in replanting, and cover input costs. There is here an opportunity to improve smallholdings productivity by providing to smallholders a market on which to buy selected high quality seedlings and fertilizers (see Rafflegeau 2008 on good practices of production for smallholders).

## Opportunities for future oil palm development in Cameroon

Palm oil production in Cameroon is not sufficient to cover the domestic consumption; there is a yearly deficit in the commercial balance of palm oil, and Cameroon imports every year between 20 and 50 000 t of CPO (figure 12). The government considers the development of the sector has a potential source of employment, to generate national revenues (through taxes), and as an opportunity to balance the import-export equilibrium. Foreign investments are welcome by the government, who is interested in the offers of infrastructure development that accompany the land deals.

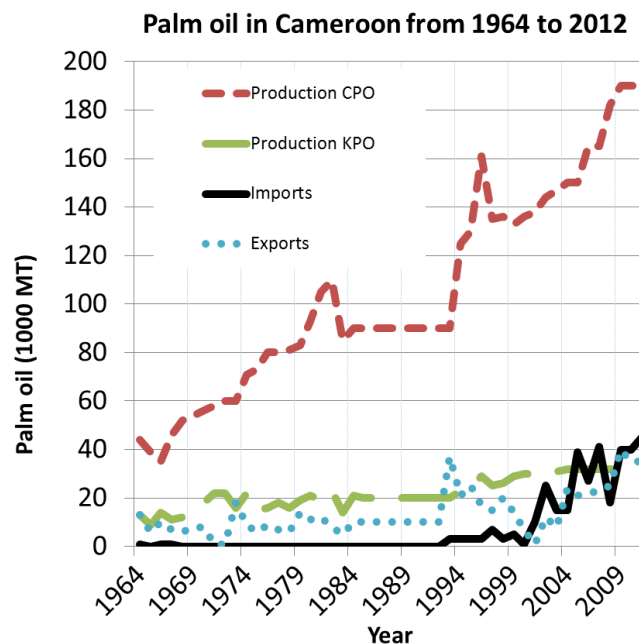


Figure 12: Palm oil production in Cameroon (source: <http://www.indexmundi.com>)

Offers are coming from transnational companies and international groups (figure 13). Currently more than 1 Million ha are under negotiation between foreign investors and the Cameroonian government, with a complete opacity. The only sources of information on these negotiations are media papers and NGOs reports on actual development of projects on the ground.

The projects currently under negotiation do not involve any partnership with local communities or smallholders, and some of them overlap with protected areas or logging concessions (Hoyle and Levang 2012). The biggest estate in the country up to 2010 was the Socapalm plantation of 28 000 ha. The concessions presently under negotiation are far more extended.

The opacity of negotiations and the scale of the concessions planned generate fears of corruption, deforestation, and negative social impacts on local communities which are threatened to lose their customary rights on land.



Feintrenie, L. 2012. *Transfer of the Asian model of oil palm development: from Indonesia to Cameroon*. World Bank conference on land and poverty, April 23-25, Washington DC.

Enterprise	Company group	Homeland	Concession asked (ha)	Year	Region	Investment promised	source
Sithe Global Sustainable Oils Company (SG SOC)	Herakles Farms	USA	<b>100 000</b> (73 000 secured)	2009	South-West	350 Millions US\$	Hoyle and Levang, 2012 <a href="http://e360.yale.edu/">http://e360.yale.edu/</a> <a href="http://af.reuters.com/">http://af.reuters.com/</a>
Goodhope Asia Holdings	GMG	Singapore	<b>50 000</b>	2011	Ocean division, South	200 Millions US\$	Hoyle and Levang, 2012 <a href="http://www.journalducameroun.com">http://www.journalducameroun.com</a>
Biopalm Energy	Siva	Indian owned, Indonesian registered	<b>200 000</b> (50 000 secured)	2011	Ocean division	1800 Millions US\$	Hoyle and Levang, 2012 <a href="http://www.journalducameroun.com">http://www.journalducameroun.com</a>
	Sime Darby	Malaysia	<b>600 000</b>	2011	Centre, South, Littoral, South-West		Hoyle and Levang, 2012
PalmCo			<b>100 000</b>	2012	Nkam and Littoral		Hoyle and Levang, 2012
Smart Holdings			<b>25 000</b>	2012			Hoyle and Levang, 2012

Figure 13: Concessions under discussion in 2011 for oil palm estates in Cameroon: about twice the area already planted in oil palm (in red current oil palm plantations owned in Indonesia and Malaysia).

The government also wants to promote small-scale farming. The Cameroonian ministry of agriculture and rural development has been conducting a program of improvement of smallholders' oil palm plantations since 2004, with the support of the World Bank. The program involves a convention between the Cameroonian government and Unexpalm, the association of oil palm producers. In its first phase, from 2004 to 2009, it focused on increasing smallholdings' productivity by providing them selected seedlings (more than 7 500 ha were planted in 5 years, with a rule of 1 ha/farmer), access to inputs and technical advice. The second phase, from 2010 to 2015, focuses on farmers' access to mills and inputs, by improving infrastructures and partnerships between smallholders and enterprises (Ngom 2011).

Another attempt from the government to develop the sector is the promotion of NES projects. The so called 'village plantations' are owned by smallholders under contract with an enterprise. The contract states that the smallholders will sell all their production to the enterprise and receive a monthly payment for the FFB with deduction of the

reimbursement of a credit to cover planting and production costs. The enterprise possesses and manages a 'nucleus' plantation and a mill. Workers on the estate and at the mill are usually migrants coming from other Cameroonian regions. The first projects of village plantations date from the 1970s, and were supported by the National Fund for Rural Development (FONADER). The Socapalm was developed on this model, with the plantation of the estates in 1973, and development of surrounded village plantations beginning in 1978 (Rafflegeau 2008). The proportions in surface between the Socapalm plantation and the village plantations are also similar to the usual KKPA deal in Indonesia, it is to say around 70% of estates and 30% of contracted-smallholdings. The CDC and Pamol also benefited from the village plantations program (Carrère 2010).

The program didn't last long, the Fonader bankrupted due to a lack of reimbursement of the credits by the smallholders, and the mill had to close due to lack of FFB provision by contracted smallholders, who preferred to sell their fruits on the informal artisanal market to avoid paying back their credits (Elong 2003).

This scheme is very similar to the NES model developed in Southeast Asia, and is subject to the same critics on the bad treatment reserved to the migrant workers living in the estates, and the smallholders in partnerships are considered as captive producers obliged to sell all their production to the partner-company, and assuming all the risks related to agricultural production (Elong 2003; Carrère, 2010). But the main difference between the two countries and the failure of the model in Cameroon probably lies on the dependency relations between contracted smallholders and the enterprise involved in the project.

In Indonesia, the absence of artisanal palm oil sector creates a dependence of the oil palm growers to the industrial mills. As a consequence, the areas where a lonely company owns a mill, this enterprise is in a position of monopoly. FFB price then cannot be negotiated by the farmers, and reimbursement of credit cannot be avoided since it is directly taken from the sale of the FFB. The areas where several mills owned by different enterprises, the competition among companies may advantage the farmers and reinforce the negotiation power of middle-men (see Feintrenie et al. 2010a). There is here a chance for contracted-smallholders to sell their production to another mill, but this risk (seen from the industry side) is limited by the organization of contracted-farmers in cooperatives closely followed by the enterprise. On the opposite, the presence of the artisanal palm oil sector and the domestic oil production in Cameroon, open a window for contracted-farmers not to respect their contract, and sell their production out of the mill.

## **Conclusion**

A transfer of the Asian model of oil palm development to Africa will imply to find large areas in one stand, which is only available in natural forests. Other non-used lands are owned by smallholders under customary tenure system. It might not be clear in the legal tenure system, nor from the sight of foreigners, but local customary authorities know the individual of families who have the land use right on the land. If the Cameroonian government chose to welcome foreign investments in agricultural land, it should be required that the oil palm plantations developed comply with RSPO certification. This should limit the negative impacts on forest and local communities and secure the transparency of the deals.

Feintrenie, L. 2012. *Transfer of the Asian model of oil palm development: from Indonesia to Cameroon*. World Bank conference on land and poverty, April 23-25, Washington DC.

Rather than developing large-scale plantations, either included or not into NES projects, a promotion of FFB production by smallholders would have higher economic benefits for the population. New forms of contract between the industry and smallholders must be imagined, including technical support to the oil palm growers and access to high quality seedlings and inputs, against the sale of their fruits to the mill at a price similar or superior to the local market price.

### **Acknowledgements:**

This study was supported by a European Commission-funded research project lead by CIFOR. I thank Emmanuel Ngom and Patrice Levang for early comments on this paper and the generous share of their opinions and data.

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